



Irish Life Weekly Investment Bulletin

The week that was – WEEK 04 (ending 27/01/2017)

“The grass is greener where you water it.” - Neil Barringham

Irish retail sales fall in December – Figures from the Central Statistics Office show that when motor trade sales are excluded, there was a decrease of 2.7% in the volume of retail sales in December 2016 compared to November. However, sales were 0.2% higher in December 2016 compared to a year earlier excl. motor sales.

Central Bank lowers Irish growth forecast – The Central Bank of Ireland has revised downwards its growth forecast for Irish economy to 3.3% this year (a decrease of 0.3% from three months ago) and 3.0% in 2018 saying outlook for exports is subject to uncertainty with the potential knock-on effects of Brexit decision.

Global stock market up 1% on the week – The MSCI AC World TR Index had a 1.04% return from 20th January to 27th January led by the U.S. market with the three main U.S. indices – Dow Jones, S&P 500 and Nasdaq – all setting new records. Bond values however dropped during the week after a rise in bond yields.

Dow Jones hits 20,000 – The Dow Jones Industrial Average index in the U.S. hit twenty-thousand points, the first time the famed stock market index has reached that level since its inception in 1896. It's a price-weighted (rather than market cap weighted) average of 30 popular stocks traded on the New York Stock Exchange.

U.S. economy slowed in fourth quarter – The Commerce Department reported that gross domestic product grew at an annual rate of just 1.9% in the October-December period, a slowdown from 3.5% growth in Q3, with a jump in the trade deficit. One bright spot was a third straight month of improved capital expenditures.

Weak yen boosts Japanese exports – A weakening yen and strong auto sales in U.S. during 2016 helped boost Japan's trade balance into surplus for the first time in six years. Japan reported a \$60 billion surplus with the U.S., 40% of which was derived from sales of autos and auto parts. Its global surplus was \$36 billion.

The Story of the week: "The wind was pushing me." That was the less than creative excuse an Australian driver gave police for driving close to 20km/h over the speed limit. Needless to say, it didn't get him off the hook. At best, it got him publicly laughed at as Three Springs Police later shared a picture of the speeding ticket on Twitter which made wide headlines. The driver was fined A\$200 and given two points on his licence.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2012	2013	2014	2015	2016	2017 YTD (to 27/01)
ISEQ Overall Return	20.5	35.8	16.8	33.6	-2.7	0.2
FTSE 100 TR	10.0	18.7	0.7	-1.3	19.1	0.1
Euro Stoxx 50 TR	18.1	21.5	4.0	6.4	3.7	0.5
S&P 500 TR	16.0	32.4	13.7	1.4	12.0	2.6
Nasdaq Composite	15.9	38.3	13.4	5.7	7.5	5.2
Nikkei 225	22.9	56.7	7.1	9.1	0.4	1.8
MSCI Emerging Markets	13.9	0.9	2.6	-8.0	7.1	4.8
MSCI AC World (Gross TR)	16.5	26.2	9.9	1.8	9.7	2.6
Sovereign 10yr Bond Yields (%)	2012	2013	2014	2015	2016	2017 YTD
U.S.	1.7	3.0	2.2	2.2	2.4	2.5
German	1.4	1.9	0.5	0.6	0.2	0.5
UK	1.9	3.0	1.9	1.9	1.2	1.5
Japan	0.7	0.7	0.3	0.2	0.0	0.1
Ireland	4.5	3.4	1.3	1.1	0.7	1.2
Italy	4.6	4.1	2.1	1.6	1.8	2.3
Greece	12.7	8.2	9.6	7.9	7.1	7.1
Portugal	6.9	6.1	2.7	2.5	3.8	4.2
Spain	5.4	4.1	1.6	1.7	1.4	1.6
Central Bank Rates (%)	2012	2013	2014	2015	2016	2017 YTD
ECB	0.75	0.25	0.05	0.05	0.0	0.0
Bank of England	0.5	0.25	0.50	0.50	0.25	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.50	0.75	0.75
Foreign Exchange Rates	2012	2013	2014	2015	2016	2017 YTD
Euro/Dollar (€/€)	1.31	1.37	1.21	1.09	1.04	1.07
Euro/Sterling (€/£)	0.81	0.83	0.78	0.75	0.84	0.85
Sterling/Dollar (£/\$)	1.61	1.65	1.56	1.46	1.24	1.25
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	8.5 (to end of Q3)
U.K.	8.1	2.7	10.7	17.8	13.1	1.3 (to end of Q3)
U.S.	14.5	5.3	11.4	11.2	12.1	5.9 (to end of Q3)

*Past performance is not a reliable guide to future performance